

MEMORANDUM

TO: Members, Delegates, and the Resident Commissioner; Committee Chairs, Officers of the House, Support Offices and Employees

FROM: Bob Ney, Chairman, Committee on House Administration
John B. Larson, Ranking Minority Member

DATE: February 27, 2003

RE: The House Student Loan Repayment Program

The Committee on House Administration has established a Student Loan Repayment Program (the "Program"). The purpose of the Program is to provide House employing offices an additional tool with which to recruit and retain qualified staff in the service of the House. In general, the Program enables participating House employing offices to authorize repayment of qualifying student loans on behalf of eligible employees who agree in writing to remain in their employment for a period of one year.

This memorandum describes the Program and provides employing offices with initial information on how to participate. Additional questions regarding this Program may be directed to the Office of Human Resources at x52450.

A. Cost of the Program

The cost of loan repayments under the House Student Loan Repayment Program will come from a central account administered by the Chief Administrative Officer, and not from your office or committee budget. Employing offices will receive notice of a separate allocation of resources available to the office for loan repayments during a calendar year. The Office of Finance and the Office of Human Resources will establish reports for each employing office to track the allocation and any repayments made for participating offices.

Each employing office will have an "annual aggregate payment limit" for loan repayments during the calendar year, as follows:

- In the case of the personal office of a Member (including a Delegate or the Resident Commissioner to the Congress), an amount equal to 2% of the average Member's Representational Allowance for all Member offices for the year; and
- In the case of any employing office other than a Member office, an amount equal to 2% of the amount made available for salaries and expenses for the year.

An employing office may enter into a Student Loan Repayment Agreement with eligible employees that shall be in effect for a one-year period. The employing office and employee may enter into subsequent agreements for subsequent one-year periods. Student Loan Repayment Agreements cannot be for terms of less than one-year. The sum of all repayments made during a year under all Student Loan Repayment Agreements entered into by an employing office may not exceed the employing office's annual aggregate payment limit.

B. Eligible Employees

An employing office may enter into Student Loan Repayment Agreements authorizing loan repayments on behalf of full-time employees with loans covered by the Program and whose rate of pay at the time the Student Loan Repayment Agreement is executed does not exceed \$129,874 in 2003. Interns, volunteers and unpaid staff are not eligible, nor are Members eligible.

C. Loans Covered by the Program

Repayments may be made on loans made, insured, or guaranteed under parts B, D, or E of title IV of the Higher Education Act of 1965, or health education assistance loans made or insured under part A of title VII or part E of title VIII of the Public Health Service Act.

Employing offices may authorize repayments on more than one loan for an eligible employee, provided that the total of all monthly repayments does not exceed applicable limits. The employing office must designate how much should be paid on each loan for employees with multiple loans.

D. Dollar Limits on Loan Repayments

Employing offices may authorize repayments of up to \$500 per month per eligible employee, to a maximum \$6,000 per calendar year. In addition, there is a career cap of \$40,000 on loan repayments made on behalf of any House employee. The limit of \$40,000 is set by regulation and is cumulative across House offices.

If multiple employing offices share an employee, one or all of the offices may choose to enter into a Student Loan Repayment Agreement with the employee. However, the maximum monthly repayment made on behalf of the shared employee remains \$500.

E. Criteria and Conditions of the Program

Each House employing office is an individual employer. The decision whether or not to enter into agreements authorizing loan repayments on behalf of any eligible employee, and the amount of any repayment, lies within the sole discretion of each employing office, subject to law and applicable regulations. Similarly, each employing office has discretion to establish its own criteria for participation in the Program, provided such criteria are consistent with the Program as set out in the Student Loan Repayment Agreement and applicable regulations.

An employing office must use the standard Student Loan Repayment Agreement authorized under the Program and provided by the Chief Administrative Officer. The Program specifies certain conditions the employing office must meet, in addition to those already mentioned. They are:

1. Only loans outstanding at the time the employing office and the employee enter into the Student Loan Repayment Agreement are covered by the Program.
2. An office may not authorize repayments on any loan if the employee is in default on the loan or in arrears on the payments.
3. The employee remains liable and responsible for the management of his/her loans and must continue to pay any portion of the loan payments due in excess of the payments made on behalf of the employing office.
4. The sum of the student loan payments and the employee's pay in a given month may not exceed 1/12th of the applicable limitation on the maximum gross compensation for the employee for the year.

F. Implementing the Program

In accordance with Program regulations, the Chief Administrative Officer (CAO) oversees the administration of the Student Loan Repayment Program and establishes the standard Student Loan Repayment Agreement. The CAO Office of Human Resources also provides any necessary administrative support to House offices. If you have any questions, please call the CAO Office of Human Resources at x5-2450.

The steps to participate in the Student Loan Repayment Program are as follows:

1. Complete the Student Loan Repayment Agreement. The CAO has prepared a standard Student Loan Repayment Agreement for each employing office to use. An Office that agrees to authorize student loan repayments for an employee must execute the Student Loan Repayment Agreement and attach the appropriate loan documents. The two parties to the Student Loan Repayment Agreement are the employing office and the employee. Neither the House of Representatives nor the CAO is a party to the Agreement.
2. Send Documents to the Office of Human Resources. The employing office then must send a copy of the fully executed Student Loan Repayment Agreement and loan documents to the Office of Human Resources. The employing office retains the original Student Loan Repayment Agreement and attachments.
3. Verification by the Office of Human Resources. The Office of Human Resources will verify that:
 - the loan(s) qualifies for repayment under the Program;
 - the employee's salary does not exceed the eligibility limit for the year;

- the employing office has not authorized loan repayments for the employee in excess of \$500 per month;
 - the sum of the repayments and the employee's pay in a given month does not exceed 1/12th of the applicable limitation on the gross compensation for the employee for the year; and
 - the employing office's student loan repayment allocation is sufficient to cover the obligations of the employing office under the Student Loan Repayment Agreement.
4. Office of Finance Begins Repayments. The CAO Office of Finance will make repayments to loan holders beginning on the 15th business day of each month following the month in which the Office of Human Resources verifies loan eligibility. All repayments to loan holders will be made through Electronic Funds Transfer (EFT). It is the responsibility of the employee to ensure the loan holder's EFT information is provided when the Student Loan Repayment Agreement is submitted. No student loan payments will be made under the Program with respect to a student loan that is in default or arrears.

G. Effect of Taxes, Retirement Pay or Unemployment Compensation

Student loan repayments under the Program constitute taxable income to employees under the Internal Revenue Code. Employees for whom loan repayments are made should complete a revised W-4, Federal Income Tax Withholding form, to determine whether additional withholding for Federal income tax is necessary.

The CAO Office of Finance shall by January 31 of each year provide to all eligible employees for whom repayments were made an Internal Revenue Service Form 1099, Miscellaneous Income, showing the total amount of repayments made to loan holders on their behalf in the previous calendar year.

H. When Payments Stop or Student Loan Repayment Agreements Terminate

If the Congress does not appropriate funds for the Program, or an employing office ceases to exist, payments will cease.

Student Loan Repayment Agreements between an employing office and an employee will be terminated if the following occur:

- The employee's employment with the employing office terminates, the employee enters part-time status, unpaid status (including status as an employee on leave without pay), or temporary status (including status as an intern) with the employing office, or the employee fails to fulfill any other terms of the Agreement; or
- The employee and the employing office execute a written agreement to terminate the Agreement.

It is the responsibility of an employing office to notify the Office of Human Resources immediately upon termination of a Student Loan Repayment Agreement between the office and an eligible employee. If the employing office does not notify Human Resources upon termination of a Student Loan Repayment Agreement, and a repayment is made on behalf of an employee or former employee, the employing office, and not the employee or former employee, will be responsible for reimbursing the fund.

I. What Happens if an Office has Inadequate Funds to Make the Payments?

As part of the verification process, the Office of Human Resources will confirm that the employing office has sufficient funds to cover the total amount of repayments under the Student Loan Repayment Agreement. If an office is determined to have inadequate funds to cover all the loan repayments it has agreed to make in Student Loan Repayment Agreements, the CAO Office of Finance will reduce the amount of each monthly repayment made on behalf of eligible employees of the office by a uniform percentage as determined by the Office of Finance to ensure that the aggregate amount of all repayments will not exceed the office's aggregate annual limit. If there is a need to reduce repayments, the Office of Human Resources will notify the employing office and the employee prior to the reduction.

J. When an Employee Must Reimburse the House for Repayments

If a Student Loan Repayment Agreement between an employee and an employing office terminates prior to the end of the agreement year because the employee was terminated for cause or voluntarily separated from employment, the employee must reimburse the House of Representatives for all student loan repayments made on behalf of the employee under the terminated Student Loan Repayment Agreement. An employing office, when circumstances in their judgment merit, may waive this repayment requirement.

It is the responsibility of the eligible employee to notify the Office of Human Resources of any changes to the monthly payment amount of the student loan(s) covered by the Student Loan Repayment Agreement.